

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-389-C - ORDER NO. 97-430
MAY 21, 1997

IN RE: Application of Worldcom, Inc. d/b/a) ORDER
LDDS Worldcom for Approval of an) GRANTING
Alternative Regulatory Plan.) APPLICATION

This matter comes before the Public Service Commission of South Carolina ("the Commission") on the Application of Worldcom, Inc. d/b/a LDDS Worldcom ("LDDS" or "the Company") requesting the Commission to approve "relaxed regulation" through procedures approved for AT&T Communications of the Southern States, Inc. (AT&T) as established in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Commission's Executive Director instructed LDDS to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the area affected by the Application. The purpose of the Notice of Filing was to inform interested parties of LDDS' Application and of the manner and time in which to file the appropriate pleadings for participation in the proceedings. LDDS complied with the instructions of the Executive Director and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina ("the Consumer Advocate").

State of South Carolina



Public Service Commission

GUY BUTLER
Chairman
PHILIP T. BRADLEY
Vice Chairman
RUDOLPH MITCHELL
Commissioner
CECIL A. BOWERS
Commissioner
WARREN D. ARTHUR, IV
Commissioner
WILLIAM "BILL" SAUNDERS
Commissioner
C. DUKES SCOTT
Commissioner

CHARLES W. BALLENTINE
Executive Director
(803) 737-5120

GARY E. WALSH
Deputy Executive Director
(803) 737-5133

M E M O R A N D U M

TO : All Parties of Record

FROM : F. David Butler, General Counsel *FDB*

DATE : June 23, 1997

RE : Docket No. 96-389-C - Application of Worldcom, Inc.
d/b/a LDDS Worldcom for Approval of an Alternative
Regulatory Plan.

Please be advised that the Order recently received by you numbered 96-340 should be amended to reflect a number of 97-430 which is the actual order number. The original Order was issued with an an erroneous number on the first page. Thank you for your consideration in this matter.

FDB:dd
cc: Jim McDaniel, Utilities Department

State of South Carolina



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d/b/a LDDS Worldcom for Approval of an Alternative
Regulatory Plan.

A copy of the Memo to All Parties of Record from F.
David Butler sent to the following:

Frank R. Ellerbe, III, Esq.
Robinson, McFadden & Moore, PC
P. O. Box 944
Columbia, SC 29202

Elliott F. Elam, Jr., Esquire
SC Dept. of Consumer Affairs
P. O. Box 5757
Columbia, SC 29250-5757

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A hearing was convened on May 8, 1997 at 10:30 a.m. in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. LDDS was represented by Bonnie D. Shealy, Esquire. The Consumer Advocate was represented by Elliott F. Elam, Jr., Esquire. The Commission Staff ("the Staff") was represented by F. David Butler, General Counsel.

Brian K. Sulmonetti, Director, Regulatory Affairs for the East Region, appeared and offered testimony in support of the Company's Application. Sulmonetti testified that LDDS received its original authority to provide resold interexchange telecommunications services in South Carolina by Commission Order No. 93-1044 (dated November 10, 1993) in Docket 93-059-C. Sulmonetti stated that LDDS provides resold interexchange services in South Carolina to business customers and residential customers. According to Sulmonetti, LDDS has a relatively small market share compared to the larger interexchange companies.

Sulmonetti explained that LDDS seeks to have its business interexchange services which compete directly with AT&T regulated in the same manner as AT&T's business service offerings. Sulmonetti further testified that LDDS needs the flexibility of the relaxed regulatory treatment in the pricing of its services in order to effectively compete for customers. LDDS specifically requested that all of its service offerings be regulated under this form of relaxed regulation, except the following basic residential MTS services: Dial USA, Ring America, and Basic Service. The residential services that would be governed under

the plan are discount programs and "postalized" or flat rate plans.

After full consideration of the applicable law, the Company's Petition, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. The Commission finds that LDDS is a telecommunications company authorized by the Commission to provide telecommunications services in South Carolina by Commission Order No. 93-1044, dated November 10, 1993, in Docket No. 93-059-C. Since its certification, LDDS has provided interexchange telecommunications services to business and residential customers.

2. The Commission finds that the regulatory treatment that was approved for AT&T in Orders No. 95-1734 and 96-55 (and which is also referred to as "relaxed regulation" or "streamlined regulation") is appropriate regulatory treatment for LDDS and its business service offerings.

CONCLUSIONS OF LAW

1. Finding of Fact No. 1 is essentially jurisdictional in nature and is not contested by the parties.

2. After due consideration in this matter, the Commission grants the Petition of LDDS for "relaxed regulation" for its business customers only. This "relaxed regulation" (which has also been referred to as "streamlined regulation") is identical to the rate design set forth by this Commission for AT&T in Order

Nos. 95-1734 and 96-55. The Commission believes that the same regulatory treatment that was granted for AT&T is also appropriate for LDDS as the flexibility under this regulatory scheme will allow LDDS to compete with AT&T and other interexchange carriers for business customers.

Under this "relaxed regulation," LDDS will not be required to file maximum rates (cap requirements) on its business service offerings, although the Commission will maintain regulatory authority concerning the business services. The Company's tariffs will be presumed valid upon filing, but the Commission may institute an investigation of the tariff filing within seven (7) days, in which case the tariff filing will be suspended pending further Order of the Commission. LDDS will be subject to the same monitoring process as AT&T and similarly regulated companies. The Commission specifically reserves the right and authority to modify, eliminate or continue the procedures contained herein in the discretion of the Commission. The regulatory treatment approved herein applies only to business service offerings.

The Commission believes that the same rationale exists in this case as existed in Order Nos. 95-1734 and 96-55, wherein the Commission ordered "relaxed regulation" or "streamlined regulation" for AT&T. The Commission holds that a reasonable methodology should be available to interexchange carriers which will allow them the flexibility to adjust the rates and charges for their business services in response to changes in the market place. The Commission believes that the methodology adopted for

AT&T in Order Nos. 95-1734 and 96-55 is also appropriate for LDDS. The Commission reiterates its belief that it has the authority to impose this "relaxed regulation" or "streamlined regulation" under S.C. Code Ann. §58-9-720 (Supp.1995) and Order No. 84-622.

We do not believe that "relaxed regulation" should be granted for residential services at this time. We believe that these services should remain regulated under procedures instituted in Order No. 84-622. Further, "relaxed regulation" is simply not appropriate for these services at this time.

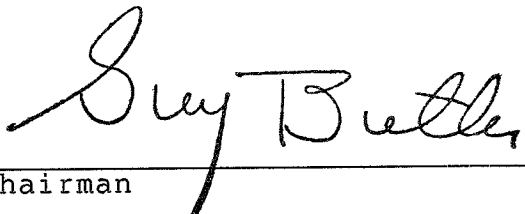
IT IS THEREFORE ORDERED THAT:

1. The business service offerings of LDDS shall be regulated under the procedures approved for AT&T as established in Orders No. 95-1734 and 96-55. Under this regulatory scheme, which also has been referred to as "relaxed regulation" and "streamlined regulation," LDDS will not be required to file maximum rates (cap requirements) on its business service offerings, although the Commission will maintain regulatory authority concerning the business services. LDDS' tariffs will be presumed valid upon filing, but the Commission may institute an investigation of the tariff filing within seven (7) days, in which case the tariff filing will be suspended pending further Order of the Commission. LDDS will be subject to the same monitoring process as AT&T and similarly regulated companies. The Commission specifically reserves the right and authority to modify, eliminate or continue the procedures contained herein in the discretion of the Commission.


2. LDDS is responsible for complying with and meeting all other terms of its original order granting certification.

3. This Order shall remain in effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director

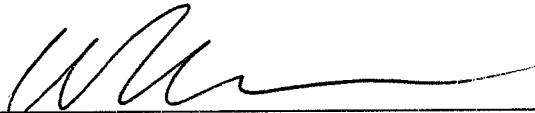
(SEAL)

DISSENTING OPINION OF COMMISSIONER WARREN D. ARTHUR, IV:

I respectfully dissent from the majority decision approving the the Petition of WorldCom d/b/a LDDS WorldCom for "alternative regulation" (or "relaxed regulation") similar to that granted to AT&T in Order Nos. 95-1734 and 96-55 (Docket No. 95-661-C). I objected to the "relaxed regulation" granted to AT&T and also do not agree with the Commission's approval of that regulatory treatment in this instance.

As I have previously stated, I believe that alternative regulation should be granted to an interexchange carrier under S.C. Code Ann. §58-9-585 (Supp.1996) only if the company satisfies the requirements of that statute. Section 58-9-585 is the specific statutory authority which allows the grant of alternative

regulation. The majority's grant of alternative regulation to AT&T, and now to WorldCom d/b/a LDDS WorldCom, via other means, is strained. Since I believed that the relaxed regulation was originally improvidently granted, I must also disagree with the grant of it now to WorldCom d/b/a LDDS WorldCom.



Warren D. Arthur, IV
Commissioner, Sixth District